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SUBJECT: NEPALI GOVERNMENT HANDS LOCAL GOVERNMENT OVER TO
BUREAUCRATS

REF: KATHMANDU 1387

SUMMARY

1. (SBU) Having allowed the terms of all locally elected officials to expire as of July 16 (reftel), the Government of Nepal (GON) has announced plans to transfer local bodies' functions and authority to civil servants until elections can be held in April and new representatives installed in July. GON officials--reportedly including the Prime Minister himself--have acknowledged that the decision not to extend the local bodies' terms was politically motivated. The Opposition, which controlled the majority of the local bodies, has already signaled its displeasure with the GON plan. Several donors, especially those with large programs committed to strengthening local governments, have expressed frustration with the GON action and threatened to withhold funding. The re-election next year of these critical elements of grass-roots democracy is likely to require substantial moral and material support from the international community. End summary.

CIVIL SERVANTS TO TAKE OVER LOCAL BODIES

2. (U) On August 15 the Cabinet decided to appoint civil servants to assume the responsibilities and functions of locally elected officials, whose terms were allowed to expire July 16 (Reftel). The Cabinet's decision not to extend the five-year terms of the local bodies for another year had left Nepal's 75 District Development Committees (DDCs), 58 municipalities, and 3,912 Village Development Committees (VDCs) with no functioning government--and thus no ability to receive and disburse funds--for a month.

3. (U) The August 15 announcement followed an abortive effort by the Government of Nepal (GON) to elicit an all-party consensus on how to administer local government in the absence of locally elected bodies. All Opposition parties, with the exception of the National Democratic Party (RPP), boycotted an August 11 all-party meeting called by the GON on the subject.

4. (U) According to the Cabinet's plan, civil servants from ministries with offices at the local level (Agriculture; Home; Education; Health; Physical Works; Local Development; and Women, Children, and Social Welfare) will take the place of elected local bodies officials. Each DDC will be replaced by a seven-member team of civil servants, headed by the Local Development Officer (LDO) in the role of the DDC Chairman; each municipality by a five-member team, with the municipality's Executive Officer sitting in for the mayor, and each VDC by a three-member team, with the VDC Secretary subbing for the VDC Chairman. (An earlier plan to include members of civil society organizations in these newly formed bodies was nixed.) Ganga Dutta Awasthi, Joint Secretary for the Ministry of Local Development, acknowledged that the Maoists had disrupted the operations of many rural VDCs--700 VDC offices have been destroyed in the course of the insurgency--but he expressed confidence in the GON's ability to recruit adequate numbers of bureaucrats to serve in these remote areas. The Ministry already has applied to the Civil Service Commission to fill 350 vacant VDC Secretary slots.

5. (U) Awasthi emphasized the temporary nature of the new arrangement, which will remain in place until new local elections can be held next year. The GON has committed to hold these elections by April, he noted. Since local elections are a lengthy and cumbersome process--DDCs can only be elected after VDCs are in place--the new local bodies are unlikely to be in place until July 2003 at the earliest, he conceded.

OPPOSITION, SOME DONORS UNHAPPY

16. (SBU) The Cabinet decision to allow the local bodies' terms to expire unleashed a firestorm of criticism from the Opposition, as well as from several donors. Jhala Nath Khanal, a Standing Committee Member of the Communist Party of Nepal - United Marxist Leninist (UML), which controlled the majority of such bodies, denounced the move as "anti-democratic." Democratically elected officials at the village level occupy the front lines against Maoist insurgents, he argued, and are thus often targeted for intimidation and assassination. By letting democratically elected local bodies expire, Khanal charged, the Nepali Congress government has achieved by bureaucratic fiat exactly what the Maoists have been trying to accomplish through their campaign of terror and murder: the abolition of local democratic government.

17. (SBU) Nor is the UML sounding the only note of discontent. Several donors with projects aimed at strengthening local government, including the Germans, Swiss, Dutch, Danes, and UNDP, have all expressed dissatisfaction with the GON decision, with some--most notably the Germans and Swiss--threatening to freeze disbursements for some projects. Awasthi said those donors reacted too hastily, noting that the GON decisions both to allow local bodies to expire and to assume responsibility for the functions of those bodies after their expiration were fully in accord with the Local Self-Governance Act. He believes the new bureaucratic arrangement will persuade these donors to resume disbursements. The local head of the German aid agency, however, told emboff his organization will likely bypass the new official local bodies, working instead with user groups and other community organizations. The Swiss aid director said his agency was still considering how to respond to the GON plan. A World Bank official said that his organization was considering whether to withhold some budgetary support from the central government as a way of expressing its disapproval for the move.

POLITICAL MOTIVATION?

18. (SBU) Adding to the donors' displeasure is the GON's explicit acknowledgement that party politics played a substantial role in the decision not to extend the local bodies for one year. Officials at the National Planning Commission and the Ministry of Local Development have told emboffs that the PM and his Cabinet feared the Opposition-dominated local bodies would divert funding to support UML candidates in the upcoming national elections. (The Prime Minister himself reportedly admitted these motives to a group of donors during a recent meeting on the budget.)

COMMENT

19. (SBU) Faced with the imminent expiration of local bodies, the PM had two choices consistent with Nepali law: allowing them to lapse or extending their term for one year. He chose the former, primarily for admittedly partisan reasons. Unfortunately, this decision follows others--the dissolution of Parliament, the extension of a state of emergency that suspends nearly all civil rights--that leaves Nepal's young democracy in a particularly precarious condition with no elected representatives at any level of government. Filling the year-long vacuum at the local level with bureaucrats is a pale substitute, especially since civil servants owe their allegiance to their respective line ministries, rather than to local residents whose interests they should be advocating. Pressure from foreign missions, including this one, reportedly persuaded the GON leadership to commit to holding local bodies elections by April. These elections, like the parliamentary elections scheduled for November, are likely to require substantial administrative and financial support from the international community.

MALINOWSKI